

STATE of NEW HAMPSHIRE  
INSURANCE DEPARTMENT

**ORDER**  
**Competitive Market Determination**  
**Regarding Medical Professional Liability Insurance**  
**for Physicians, Surgeons and Hospitals**  
**Docket No.: INS 18-047-AP**

**Introduction**

1. Title XXXVII, Chapter RSA 412 contains the provisions regulating forms and rates for property and casualty insurance.

2. RSA 412:13 states that a competitive market is presumed to exist unless the commissioner, after conducting a hearing, determines that a reasonable degree of competition does not exist in the market and issues a ruling to that effect that is valid for one year from date of issue.

3. The provisions of RSA 412:14 delineate the relevant information, analytical systems and other sources the commissioner may consider when making this determination.

4. RSA 400-A:17 provides the commissioner with the authority to hold hearings for any purpose within the scope of this Title (XXXVII) as he may deem advisable or if required by any provision of this Title (XXXVII).

5. A September 11, 2018 Order of Public Hearing scheduling a hearing on the matter for October 29, 2018 was sent by certified mail to the top ten (10) licensed writers of medical professional liability insurance in New Hampshire and known interested parties; and a legal notice was published in Eleven (11) New Hampshire daily newspapers on October 15th and October 22nd.

**Findings**

1. Testimony presented at the hearing by Christian Citarella, the Department's Property and Casualty Actuary, focused on updated data and exhibits that address the following considerations in RSA 412:14 II:

- a. The extent to which the largest insurer groups control the insurance marketplace;
- b. Whether the total number of companies writing the form of insurance in this state is sufficient to provide multiple options to the public;

- c. The extent to which insurer entries and exits, considered over several years, suggest the presence or lack of entry or exit barriers or both;
- d. The degree to which the insurance products offered to consumers are homogeneous in nature and thus comparable;
- e. The trend in price levels for each type of insurance;
- f. The profitability of insurance over a period of several years and performance of the New Hampshire market relative to countrywide and regional trends;
- g. The extent to which the market for each type of insurance is growing.

Mr. Citarella presented evidence showing that rates in New Hampshire are beginning to increase among some carriers after a long period of no change. Also, the market is highly concentrated for admitted carriers based on the Herfindahl-Hirschman Index (HHI). He testified that the regulated market continues to be dominated by 3 large writers and a couple of large non-regulated writers are gaining market share. In addition, many companies continue to rely on each other's filings to justify or produce their selected and filed loss costs, supporting the need to ensure that the data and methodology are appropriately reviewed. Mr. Citarella testified that requiring companies to submit such rate filings under a prior approval basis has not impacted any company's ability to implement actuarially justified changes at the levels they wanted and when they wanted. Written testimony and exhibits were provided at the hearing which support the conclusion that there has not been significant change to the New Hampshire market in the last year with respect to the considerations in RSA 412:14 II, and that there is not a reasonable degree of competition in the medical professional liability insurance marketplace.

2. David Johnson of Medical Mutual Insurance Company of Maine provided anecdotal evidence from his experience as Vice President of Underwriting that supported the report from Mr. Citarella.

### **Conclusions**

After reviewing the material and testimony presented at the hearing, I find that there continues to be substantial evidence in support of the conclusion that the medical professional liability insurance market for physicians, surgeons and hospitals is not a competitive market.

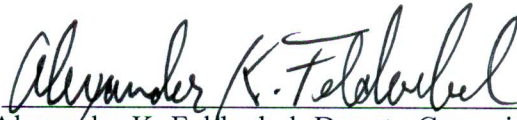
Therefore, it is ORDERED, that:

1. Pursuant to RSA 412:3 and RSA 412:13, a competitive market for medical professional liability insurance covering physicians, surgeons and hospitals does not exist in New Hampshire;

2. Rate filing procedures and standards outlined in RSA 412:15, 412:16 and 412:19, specific to a noncompetitive market, continue to apply; and

3. This Order will expire one year from the date this Order is signed.

NEW HAMPSHIRE INSURANCE DEPARTMENT

A handwritten signature in black ink, reading "Alexander K. Feldvebel". The signature is written in a cursive style with a horizontal line underneath it.

Dated: November 5, 2018

Alexander K. Feldvebel, Deputy Commissioner